



Becle, S.A.B. de C.V. Reports First Quarter 2024 Unaudited Financial Results

Mexico City, Mexico, April 24, 2024 -- BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) today announced financial results for the first quarter ended March 31, 2024.

All figures in this release are derived from the Company’s interim consolidated financial statements as of March 31, 2024, and for the three-month period then ended, which are prepared in accordance with International Financial Reporting Standards (IFRS).

First quarter 2024 highlights

- Volume decreased 4.4% to 5.3 million nine-liter cases;
- Net sales decreased 6.5% to P\$8,960 million pesos (+1.0% in constant currency);
- Gross profit decreased 4.0% to P\$4,664 million pesos (+8.1% in constant currency). Gross margin was 52.1%, **an increase of 1.4 percentage points** year over year;
- EBITDA decreased 1.3% to P\$1,776 million pesos (+16.4% in constant currency). EBITDA margin was 19.8%, **an increase of 1.0 percentage point** year over year;
- Consolidated net income decreased 18.0% to P\$1,010 million pesos. Net margin was 11.3%, a decrease of 1.5 percentage points year over year;
- Earnings per share was P\$0.28.

All abovementioned increases and decreases have been determined in comparison to the corresponding period in the preceding year.

Management commentary

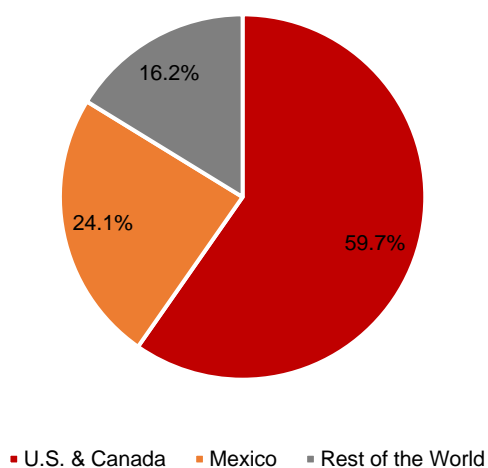
“We began 2024 with momentum amid challenging macroeconomic conditions and a slowdown in consumption in several of our markets. This is particularly notable as our premiumization strategy continues to yield positive results. Looking ahead, we’re confident in our ability to continue generating lasting shareholder value, given our strong portfolio and our proven ability to navigate adversity.”

First quarter 2024 results

Volume by region 1Q24 (in 000s nine-liter cases)

Region	1Q24	1Q23	YoY % Δ
U.S. & Canada	3,186	3,039	4.8%
Mexico	1,283	1,421	-9.6%
Rest of the World	867	1,119	-22.6%
Total	5,336	5,579	-4.4%

Volume Breakdown by Region 1Q24



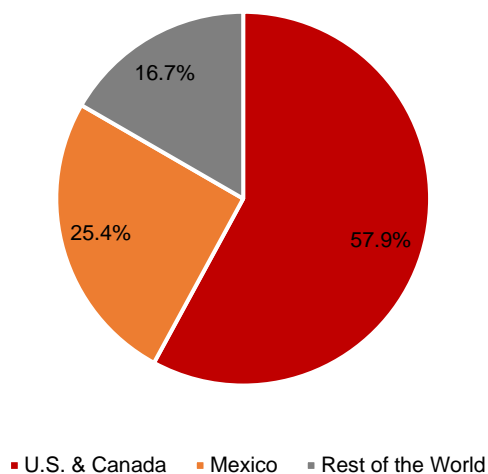
During the first quarter of 2024, total volume decreased 4.4% to 5.3 million nine-liter cases. The U.S. and Canada region increased volumes by 4.8% year-over-year, primarily due to a strong performance in the Tequila and “RTD” categories. This growth was offset by a 9.6% volume decrease in Mexico, that overlaps a strong high-single digit growth in the first quarter of 2023, alongside a market contraction in this quarter. The Rest of the World (RoW) region declined 22.6% year on year, on the back of high inventory levels which created a notable disparity between shipments and depletions in the region.

Net sales by region 1Q24 (in MXN\$, millions)

Region	1Q24	1Q23	YoY % Δ	YoY % Δ PF*
U.S. & Canada	5,190	5,346	-2.9%	7.4%
Mexico	2,277	2,403	-5.2%	-5.2%
Rest of the World	1,493	1,833	-18.5%	-10.2%
Total	8,960	9,583	-6.5%	1.0%

* Pro forma figures on a constant currency basis.

Net Sales Breakdown by Region 1Q24

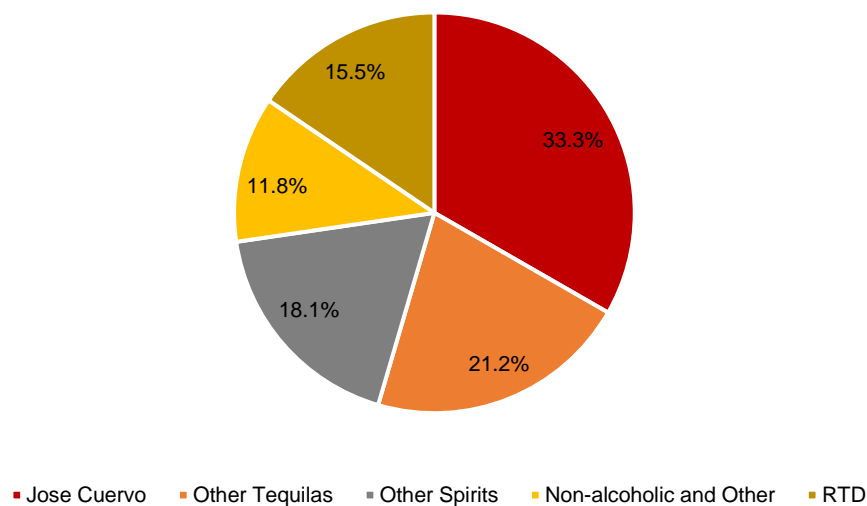


First quarter 2024 net sales decreased 6.5% year on year to P\$8,960 million pesos. Net sales in the U.S. and Canada decreased 2.9% year on year (with an FX adjusted growth of 7.4%), primarily reflecting foreign currency effects from the appreciation of the Mexican peso against the U.S. dollar. This was partially offset by a product mix skewed towards higher sales per case brands and year-over-year price increases. In the same period, net sales in Mexico decreased by 5.2%, primarily due to volume declines, partially offset by premiumization efforts and year-over-year price increases across our portfolio. Net sales for the RoW region decreased by 18.5% compared to the first quarter of 2023, mainly driven by volume declines.

Volume by category 1Q24 (in 000s nine-liter cases)

Category	1Q24	1Q23	YoY % Δ
Jose Cuervo	1,777	1,962	-9.4%
Other Tequilas	1,133	1,200	-5.6%
Other Spirits	968	1,067	-9.3%
Non-alcoholic and Other	630	550	14.5%
RTD	828	800	3.5%
Total	5,336	5,579	-4.4%

Volume Breakdown by Category 1Q24

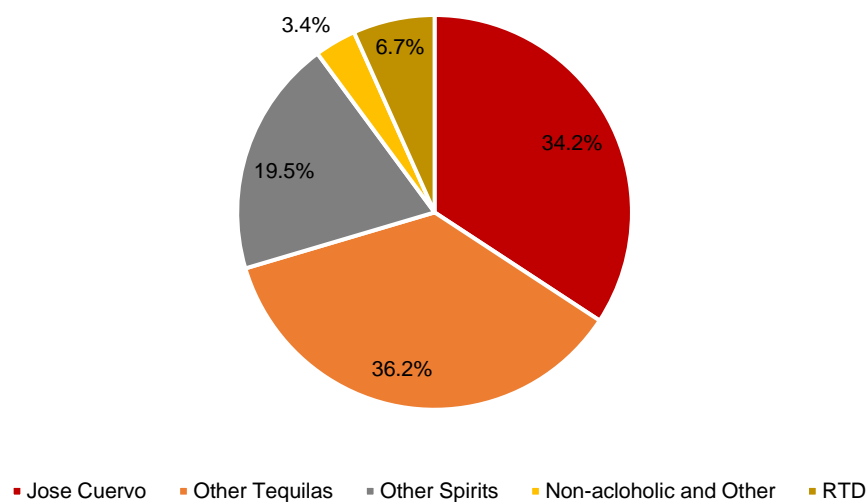


Volume of 'Jose Cuervo' decreased 9.4% compared to the same period in 2023 and represented 33.3% of total volume for the first quarter of 2024. 'Other Tequila' brands represented 21.2% of total volume, with volume decreasing 5.6% compared to the prior year period. 'Other Spirits' brands represented 18.1% of total volume in the period and their volume declined 9.3% decrease in the first quarter of 2023. Volume of 'Non-alcoholic and Other' represented 11.8% of total volume and increased 14.5% compared to the previous year. Volume of 'RTD' represented 15.5% of total volume and increased by 3.5% compared to the same period in the previous year.

Net sales by category 1Q24 (in MXN\$, millions)

Category	1Q24	1Q23	YoY % Δ
Jose Cuervo	3,068	3,425	-10.4%
Other Tequilas	3,242	3,308	-2.0%
Other Spirits	1,744	1,961	-11.1%
Non-alcoholic and other	306	266	15.0%
RTD	600	624	-3.8%
Total	8,960	9,583	-6.5%

Net Sales Breakdown by Category 1Q24



Net sales of 'Jose Cuervo' decreased 10.4% compared to the same period in 2023 and represented 34.2% of total net sales for the first quarter of 2024. Net sales of 'Other Tequila' brands decreased 2.0% compared to the prior year period and represented 36.2% of total net sales. 'Other Spirits' brands represented 19.5% of total net sales in the period and decreased 11.1% compared to the first quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.4% of total net sales and increased 15.0% compared to the prior year period. Net sales of 'RTD' represented 6.7% of total net sales and decreased 3.8% compared to the same period in the previous year.



Profitability and financial performance

During the first quarter of 2024, gross profit amounted to P\$4,664 million pesos, a 4.0% decrease in comparison to the same period in 2023 (with an FX adjusted growth of +8.1%). Despite facing an unfavorable FX impact, gross margin was 52.1% for the first quarter of 2024 compared to 50.7% for the first quarter of 2023. This increase primarily reflects price increases across regions, a favorable shift in both the product and regional mix, as well as lower input costs, both agave and non-agave related.

Advertising, marketing and promotion (AMP) expenses decreased 5.1% to P\$1,870 million pesos compared to the first quarter of 2023 (with an FX adjusted growth of +4.3%). As a percentage of net sales, AMP increased to 20.9% from 20.6% in the same period of the previous year, in line with our investment strategy and full year 2024 guidance.

Distribution expenses decreased 20.3% to P\$365 million pesos compared to the first quarter of 2023, driven by lower logistics and carrier costs.

Selling and administrative (SG&A) expenses increased 9.0% versus the same period in 2023 to P\$1,018 million pesos. As a percentage of net sales, SG&A increased to 11.4% from 9.7% in the first quarter of 2023, primarily driven by an increase in infrastructure and organizational capabilities.

Operating income during the first quarter of 2024 decreased 2.2% to P\$1,506 million pesos compared to the same period of 2023. Operating margin increased to 16.8% from 16.1% in the same quarter of the previous year.

EBITDA in the first quarter of 2024 decreased 1.3% to P\$1,776 million pesos compared to the first quarter of 2023 (with an FX adjusted growth of +16.4%). The EBITDA margin was 19.8% for the first quarter of 2024 versus 18.8% for the first quarter of 2023.

Net financing results was a loss of P\$103 million pesos during the first quarter of 2024 compared to a gain of P\$170 million pesos in the same period of 2023. This decrease was mainly driven by a lower year-over-year non-cash foreign exchange gain, as well as higher interest expenses resulting from additional debt taken in 2023.

Consolidated net income in the first quarter of 2024 decreased 18.0% to P\$1,010 million pesos, compared to P\$1,231 million pesos in 2023. Net margin was 11.3% for the first quarter of 2024, compared to 12.8% for the first quarter of 2023. Earnings per share was P\$0.28 in the first quarter of 2024, compared to P\$0.34 in the same period of the prior year.

Financial position and cash flow

As of March 31, 2024, cash and cash equivalents were P\$7,566 million pesos (an increase of P\$1,200 compared to the fourth quarter of 2023), and total financial debt remained flat at P\$23,726 million pesos. During the first quarter of 2024, the Company generated net cash from operating activities of P\$2,196 million pesos and deployed P\$401 million pesos in net investing activities. Net cash used in financing activities was P\$512 million pesos for the period ended on March 31st, 2024.

1Q24 Highlights

Figures in millions, except volume, which is in 000s of nine-liter cases.

	1Q24	% Sales	1Q23	% Sales	Like-for-like*	YoY % Δ
Volume	5,336	-	5,579	-	-	-4.4%
Net Sales	8,960	100%	9,583	100%	1.0%	-6.5%
Gross profit	4,664	52.1%	4,857	50.7%	8.1%	-4.0%
EBITDA	1,776	19.8%	1,800	18.8%	16.4%	-1.3%
Net Income	1,010	11.3%	1,231	12.8%	-	-18.0%

*Pro forma figures on a constant currency basis.

Quarterly Credit Metrics

	4Q23	1Q24	Δ
Lease adjusted Net Debt / EBITDA	2.8x	2.6x	(0.2x)



IFRS 9; IFRIC 16: Net investment hedge disclosures

Financial instruments to hedge net investments in foreign operations

Effective January 1st, 2020, the Company designated its US\$500 million Senior Notes due 2025 as a hedging instrument for its net investment in Sunrise Spirits Holding, Inc., with the objective of mitigating the exchange rate risk arising between the functional currency of these operations and the functional currency of the holding company that has such investment. However, on September 27th, 2021, the Company announced a cash tender offer and a consent solicitation to the holders of outstanding 2025 Senior Notes in circulation. The Company paid a total principal amount of US\$346.6 million (Ps7,202 million) of the 2025 Senior Notes (69.3% of the original issuance of US\$500 million). Therefore, the coverage designated by this bond is US\$153.4 million (Ps3,192 million).

On October 31st, 2021, the Company designated a new hedge in the amount of US\$346.6 million (Ps7,202 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

On August 31st, 2022, the Company designated a new hedge in the amount of US\$150 million (Ps2,999 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

The total coverage established by the Company is US\$650 million.

The Company formally designated and documented the hedging relationship, setting the objectives, risk-hedging strategy, identification of the hedging instrument, hedged item, nature of the risk to be hedged, and effectiveness assessment methodology. Since the exchange rate hedging relationship is clear, the method the Company used to assess the effectiveness consisted of a qualitative effectiveness test by comparing the critical terms between the hedging instruments and the hedged items.

Accounting policy

Net investment hedge in a foreign operation

The Company applies hedge accounting to the foreign exchange risk resulting from its investments in foreign operations because of changes in exchange rates arising between the functional currency of that operation and the functional currency of the holding company, regardless of whether the investment is held directly or through a sub-holder. The change in exchange rates is recognized in Other Comprehensive Income as part of the translation effect when the foreign operation is consolidated.

To this end, the Company designates the debt denominated in foreign currency as hedging instruments; therefore, the exchange effects arising from such debt are recognized in Other Comprehensive Income, in the translation effects line, to the extent that the hedge is effective. When the hedge is not effective, exchange rate differences are recognized in foreign exchange gain or loss in the consolidated income statement.

Conference call

The Company plans to host a conference call for investors at 9:00 a.m. Mexico City Time (11:00 a.m. EDT) on, Thursday, April 25, 2024, to discuss the Company's first quarter 2024 unaudited financial results. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto the Company's website at:

<https://mm.closir.com/slideslo?id=623996> or www.becle.com.mx.

First Quarter 2024 Unaudited Financial Results Conference Call and Webcast Details

Date: Thursday, April 25, 2024

Time: 9:00 a.m. Mexico City Time (11:00 a.m. EDT)

Participants: Juan Domingo Beckmann (CEO)

Rodrigo de la Maza (CFO)

Dial-in:	Mexico	+52 55 1168 9973
	Brazil	+55 61 2017 1549
	USA	+1 718 866 4614
	Canada	+1 587 855 1318
	United Kingdom	+44 203 984 9844
	France	+33 1758 50 878
	Germany	+49 30 25 555 323

Conference ID: 623996

Webcast: <https://mm.closir.com/slideslo?id=623996> or www.becle.com.mx.

*Those joining via webcast will be unable to participate in live Q&A

About Becele

Becle is a globally renowned company in the spirits industry and the world's largest producer of tequila. Its extraordinary portfolio of over 30 spirits brands, some of them owned, some of them agency brands distributed only in Mexico, has been developed throughout the years to participate in key categories with high growth potential, serving the world's most important alcoholic beverage markets and attending key consumer preferences and tendencies. Becele's portfolio strength is based on the profound legacy of its iconic internally developed brands such as Jose Cuervo®, combined with complementary acquisitions such as Three Olives®, Hangar 1®, Stranahan's®, Bushmills®, Pendleton® and Boodles®, as well as a relentless focus on innovation that over the years has created renowned brands such as 1800®, Maestro Dobel®, Centenario®, Kraken®, Jose Cuervo® Margaritas and B:oost®, among others. Some of Becele's brands are sold and distributed in more than 85 countries.



EBITDA

EBITDA is a measure used in the Company's financial analysis that is not recognized under IFRS but is calculated from amounts that derive from the Company's financial statements. We calculate EBITDA as net income plus depreciation and amortization, income tax expense, and interest expense, less interest income, plus foreign exchange gain (loss).

EBITDA is not an IFRS measure of liquidity or performance, nor is EBITDA a recognized financial measure under IFRS. We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods on a combined basis, but these metrics may be calculated differently by other issuers. EBITDA should not be construed as an alternative to (i) net income as an indicator of the Company's operating performance or (ii) cash flow from operating activities as a measure of the Company's liquidity.

Disclaimer

This press release contains certain forward-looking statements which are based on Becele's current expectations and observations. Actual results obtained may vary significantly from these estimates. The information related to future performance contained in this press release should be read jointly with the risks included in the "Risk Factors" section of the Annual Report filed with the Comision Nacional Bancaria y de Valores (Mexican National Banking and Securities Commission). This information, as well as future statements made by Becele or by any of its legal representatives, either in writing or verbally, may vary significantly from the actual results obtained. These forward-looking statements speak only as of the date on which they are made, and no assurance can be made as to the actual results obtained. Becele undertakes no obligation and does not intend to update or review any such forward-looking statements, whether as a result of new information, future developments or other related events.

Investor Relations Contact:

Bryan Carlson
bcarlson@cuervo.com.mx

José Ignacio Aldama
valdamad@cuervo.com.mx

Corporate Affairs Contact:

Alfredo López
alopez@cuervo.com.mx

Consolidated Income Statements

	First quarter ended March 31, 2024			First quarter ended March 31, 2023		Year over year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	537	8,960		9,583		(623)	(6.5)
Cost of goods sold	258	4,296	47.9	4,726	49.3	(430)	(9.1)
Gross profit	280	4,664	52.1	4,857	50.7	(193)	(4.0)
Advertising, marketing and promotion	112	1,870	20.9	1,970	20.6	(100)	(5.1)
Distribution	22	365	4.1	458	4.8	(93)	(20.3)
Selling and administrative	61	1,018	11.4	934	9.7	84	9.0
Other (income)	(6)	(95)	(1.1)	(44)	(0.5)	(51)	114.1
Operating income	90	1,506	16.8	1,540	16.1	(34)	(2.2)
Interest income	(6)	(101)	(1.1)	(113)	(1.2)	12	(10.5)
Interest expense	20	330	3.7	252	2.6	78	30.8
Foreign exchange gain - Net	(8)	(126)	(1.4)	(309)	(3.2)	184	(59.3)
Financing results	6	103	1.2	(170)	(1.8)	273	NA
Income before income taxes	84	1,402	15.7	1,710	17.8	(307)	(18.0)
Income taxes	24	393	4.4	479	5.0	(86)	(18.0)
Consolidated net income	61	1,010	11.3	1,231	12.8	(221)	(18.0)
Non-controlling interest	0	5	0.1	7	0.1	(2)	(22.6)
Controlling interest	60	1,004	11.2	1,224	12.8	(220)	(17.9)
Depreciation and amortization	16	270	3.0	260	2.7	10	3.9
EBITDA	106	1,776	19.8	1,800	18.8	(24)	(1.3)
Earnings per share	0.02	0.28		0.34		(0.06)	(18.0)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 16.68 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

(Figures in millions)	March 31, 2024	December 31, 2023
	(U.S. \$) ⁽¹⁾	(Pesos)
Assets		
Cash and cash equivalents	454	7,566
Trade receivables - Net	517	8,626
Related parties	2	29
Recoverable income tax	74	1,239
Other recoverable taxes and other receivables	73	1,225
Inventories	946	15,781
Financial Instruments at fair value through profit and loss	2	29
Biological assets	45	749
Prepayments	59	992
Total current assets	2,173	36,238
Inventories	386	6,442
Biological assets	600	10,001
Investments in associates and joint ventures	63	1,044
Property, plant and equipment	946	15,783
Intangible assets	990	16,516
Goodwill	323	5,390
Right-of-use assets	157	2,619
Deferred income tax	148	2,461
Employee benefits	32	527
Other assets	4	65
Total non-current assets	3,648	60,847
Total assets	5,821	97,085
Liabilities		
Syndicated loan	3	47
Senior Notes	11	190
Trade payables	289	4,821
Related parties	1	14
Lease liabilities	40	664
Other accounts payable	268	4,470
Total current liabilities	612	10,206
Syndicated loan	497	8,288
Senior Notes	911	15,201
Lease liabilities	129	2,147
Environmental reserve	8	127
Other liabilities	11	184
Deferred income taxes	190	3,177
Total non-current liabilities	1,746	29,124
Total liabilities	2,358	39,330
Stockholders' equity attributable to Controlling interest	3,455	57,614
Non-controlling interest	8	141
Total stockholders' equity	3,463	57,639
Total liabilities and stockholders' equity	5,821	97,085

(1) U.S. dollars translated at 16.68 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)	Three months ended March 31, 2024		Three months ended March 31, 2023
	(U.S. \$) ⁽¹⁾	(Pesos)	(Pesos)
Operating activities:			
Income before income taxes	84	1,402	1,710
Adjustment from non-cash items:			
Depreciation and amortization	16	270	260
Loss on sale of property, plant and equipment	2	25	12
Non-cash items	(1)	(10)	(3)
Interest income	(6)	(101)	(113)
Unrealized foreign exchange profit	(9)	(144)	(343)
Interest expense	14	241	146
Subtotal	101	1,683	1,668
(Increase) decrease in:			
Trade receivables	151	2,521	3,324
Related parties	(1)	(9)	(9)
Other recoverable taxes and other receivables	17	281	(369)
Inventories	(1)	(14)	(1,932)
Biological assets	(11)	(185)	(226)
Prepayments	(4)	(59)	12
Other assets	9	154	117
Increase (decrease) in:			
Trade payable	22	367	(2,022)
Other accounts payables	(114)	(1,897)	(1,476)
Employee benefits	(0)	(2)	(7)
Income taxes paid	(39)	(645)	(450)
Net cash from operating activities	132	2,196	(1,369)
Investing Activities:			
Property, plant and equipment	(24)	(398)	(746)
Intangible assets	(1)	(18)	(17)
Investment in associates and joint ventures	(5)	(86)	(379)
Interest income	6	101	113
Net cash flows used from investing activities	(24)	(401)	(1,030)
Financing activities:			
Bank loan	-	-	2,761
Interest lease payment	(21)	(344)	(320)
Interest paid	(10)	(168)	(28)
Net cash flows used from financing activities	(31)	(512)	2,413
Net increase (decrease) of cash and cash equivalents	77	1,284	15
Cash and cash equivalents at beginning of year:			
At beginning of the period	382	6,367	4,521
Effects of exchange rate changes on cash and cash equivalents	(5)	(84)	(33)
Cash and cash equivalents at end of period	454	7,566	4,503

(1) U.S. dollars translated at 16.68 Mexican pesos solely for the convenience of the reader.